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10/703,978	11/07/2003	Serkan Savasoglu	030587	2847

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K&L GATES LLP
535 SMITHFIELD STREET
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EXAMINER	
SEE, CAROL A	

ART UNIT	PAPER NUMBER
3693	

MAIL DATE	DELIVERY MODE
03/16/2010	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/703,978	SAVASOGLU ET AL.	
	Examiner	**Art Unit**	
	Carol See	3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *25 November 2009*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *37-45,48,49,51-59,61 and 62* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *37-45,48,49,51-59,61 and 62* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Response to Amendment

1. In response to Applicant's filing of Arguments/Remarks (dated 11/25/2009), Examiner acknowledges Applicant's amendment of claims 38-39, 45, 52-53 and 59; and addition of new claim 62.

2. Re claims 48 and 49, applicant's amendment renders the previous rejections under 35 USC 101 moot. The rejections are hereby withdrawn.

3. Applicant's amendment of claims 38, 39, 45, 52, 53 and 59 overcome previous objections, which are hereby withdrawn.

4. Claims 37-45, 48-49, 51-59, 61 and 62 are currently pending in this action.

Response to Arguments

5. Applicant's arguments filed 3/20/2009 have been fully considered.

Re claims 48-49, Applicant argues (pg. 9):

> "...contrary to what is stated in the Office Action, Farr does not disclose "a remarketing provision that provides that the convertible [debt instrument] may be remarketed to new investors under certain conditions and remarketing, at a remarketing time, the convertible security to one or more new investors; wherein after the remarketing time, the convertible security remains outstanding ... and potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding." Office Action at p. 9. This is because in Farr, there are no excess tax benefits to be recaptured since Fart's securities do not have contingent payments. Thus, the Office is factually incorrect when it says that Farr discloses that the "potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding."

Response: Examiner respectfully notes that the Jones reference shows a convertible instrument, contingent payments and the premise that if, at termination, the amount paid to retire a contingent convertible is less than the tax basis, then the excess amount is recognized as a taxable gain, subject to recapture (paras. 0112, 0194, 0197, 0220, et

al.), but did not show the remarketing concept. Farr shows a security being remarketed at a predetermined remarketing time and an outstanding security, after that remarketing (col. 2, lines 25-33, 58-67, et al.). Jones was further cited to show that, applied to initial selling of security, and that security remaining outstanding until maturity, at which time a determination of potential taxable gains is made, which are subject to recapture (particularly para. 0220), as equally applicable to a remarketing of the security (of Farr) with respect to the security remaining outstanding until maturity at which time a determination of potential taxable gains is made, which are subject to recapture.

Applicant further argues secondary evidence of nonobviousness (pgs. 9-11, not repeated here).

Response: Applicant's arguments have been fully considered, however, they are not found persuasive. Respectfully, Applicant offers an opinion about the subjects of HBS case studies and a process used in the case study. In addition, the recounting (Exhibit B) indicates slightly differing offers, not the content of them, and specifically no indication of specific differences from the present invention. Further, the use of remarketing and the setting of different terms of that remarketing for securities, as may be desired by an issuing party, is well-known in the art (Farr). Examiner asserts that under KSR, the combining of prior art elements here yields predictable results in that a convertible security is remarketed, per established terms for remarketing and conversion, resulting in a desired and predictable result of raising capital.

Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

7. Claims 48 and 49 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones et al. (U.S. 2004/0177016)(hereinafter referred to as Jones 016) in view of Jones et al. (U.S. 2004/0133494))(hereinafter referred to as Jones 494) and further in view of Farr (U.S. 7,257,555). Upon review, examiner has determined that the invention disclosed in Jones 016 is supported by the provisional application (Application No. 60/414, 735 filed on September 30, 2002) to which Jones 016 claims priority; the invention disclosed in Jones 016 is supported by the provisional application (Application No. 60/493,187 filed on September August 7, 2003) to which Jones 494 claims priority; and the invention disclosed in Farr is supported by the provisional application (App. No. 60/458,419 filed on March 31/2003) to which Farr claims priority. Accordingly, the disclosures of Jones 016, Jones 494 and Farr antedate applicant's claimed invention.

Re claim 48, Jones 016 shows a financial method comprising the steps of:

issuing a convertible debt instrument by an issuer to a holder (¶0009, 0112), wherein the convertible debt instrument comprises:

a maturity term (¶0195);

a conversion provision providing that the holder is entitled to exchange the convertible debt instrument for another asset under certain conditions (¶0198);

a contingent payment provision that provides that the holder is entitled to a contingent payment upon the occurrence of one or more specified conditions (¶0197); and

wherein the convertible debt instrument does not have any put provisions (¶¶ 0193-4, 0200).

calculating projected contingent payments for the convertible debt instrument with the computer system, wherein the computer system comprises one or more data storage media, and wherein the computer system communicates electronic data over a computer network (paras. 0058, 0064, 0073-0074, 0194, 0197, 0284).

Jones 016 does not expressly show using a computer system. Jones 494 shows using a computer system to issue and remarket securities (paras. 0004-6, 0011, 0059). It would have been obvious to one of ordinary skill in the art to have incorporated into the method of Jones 016, performance by a computer, as shown in Jones 494, in order to more efficiently and to more quickly process the means by which to acquire capital.

Jones 016 further shows, if at termination, the amount paid to retire a contingent convertible is less than the tax basis, then the excess amount is recognized as a taxable gain, subject to recapture (para. 0220). However, Jones 016 in view of Jones 494 does not specifically show wherein the convertible debt instrument comprises a remarketing provision that provides that the convertible debt instrument may be remarketed to new investors under certain conditions and remarketing, at a remarketing time, the convertible debt instrument to one or more new investors, wherein after the remarketing time, the convertible debt instrument remains outstanding and potential

recapture of excess tax benefits is postponed until the convertible debt instrument ceases to be outstanding.

Farr teaches a remarketing provision that provides that the convertible debt instrument may be remarketed to new investors under certain conditions and remarketing, at a remarketing time, the convertible debt instrument to one or more new investors; wherein after the remarketing time, from the issuer's perspective, the convertible debt instrument remains outstanding (col. 2, lines 25-33, 58-67; col. 3, line 59 to col. 4, line 9, col. 5, lines 22-25) and potential recapture of excess tax benefits associated with the convertible debt instrument is postponed until the convertible debt instrument ceases to be outstanding. Jones references and Farr are directed to structured financial products that are issued and sold by business entities to investors for capital-raising activities, although the Jones references, as presented above, do not specifically show the remarketing component and actual remarketing as expressed above. However, the art in Jones 016 is equally applicable to a remarketed debt instrument in that the debt instrument remains outstanding up to maturity at which time a determination of potential taxable gain is made. Therefore, the Examiner submits that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to have modified the issued debt instrument disclosed in Jones 016 in view of Jones 494 to incorporate a remarketing component and remarketing action as taught by Farr in order to enable business entities to design and create structured financial products to meet the specific capital-raising needs of such entities (Farr, col. 1, lines 23-30).

Although the cited references address the claim language, the recitations "wherein the convertible debt instrument comprises: a maturity term; a conversion provision providing that the holder is entitled to exchange the convertible debt instrument for another asset under certain conditions; a contingent payment provision that provides that the holder is entitled to a contingent payment upon the occurrence of one or more specified conditions; and a remarketing provision that provides that the convertible debt instrument may be remarketed to new investors under certain conditions" and "wherein the convertible debt instrument does not have any put provisions" constitute nonfunctional descriptive material. The specific structure of the debt instrument does not serve to functionally alter the performance of the claimed method step of issuing the debt instrument. The recited method step would be performed the same regardless of the specific structure of the debt instrument. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, *see In re Gulack, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); In re Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP §2106.*

The limitations of claim 49 closely parallel the limitations of claim 48 as set forth above, except for the actual remarketing of the debt instrument; therefore, claim 49 is rejected under the same rationale.

8. Claims 37 and 39-42 and 51 and 53-56 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 and Jones 494 in view of Farr and further in view of Blanchard (IRS Revenue Ruling 2002-31).

As to claim 37, Jones 016 in view of Jones 494 and further in view of Farr shows the method of claim 48.

Jones 016 in view of Jones 494 and further in view of Farr does not expressly show wherein the projected contingent payments are calculated based on an expected value of the contingent payments as of an issue date of the convertible debt instrument.

Blanchard teaches wherein the projected contingent payments are calculated based on an expected value of the contingent payments as of an issue date of the convertible debt instrument. (pg. 1-4).

It would have been obvious to one of ordinary skill in the art to have modified the method of issuing a remarketable debt instrument disclosed by Jones 016 in view of Jones 494 and further in view of Farr to include the manner of calculating projected contingent payments to holders of the debt instrument as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

As to claim 39, Jones 016 and Jones 494 in view of Farr and further in view of Blanchard shows the method of claim 37. Blanchard further shows determining a projected payment schedule that includes noncontingent payments and the projected contingent payments for the convertible debt instrument (pg. 2-4). It would have been obvious to one of ordinary skill in the art to have modified the method of issuing a remarketable debt instrument disclosed by Jones 016 in view of Jones 494 and further

in view of Farr to include the manner of constructing the investment instrument as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

As to claim 40, Jones 016 in view of Jones 494 and further in view of Farr shows the method of claim 48.

Jones 016 in view of Jones 494 and further in view of Farr does not specifically show making adjustments to the contingent payments based on a comparison of projected contingent payments to actual contingent payments.

Blanchard shows making adjustments to the contingent payments based on a comparison of projected contingent payments to actual contingent payments (pg. 2-5). It would have been obvious to one of ordinary skill in the art to have modified the method of issuing a remarketable debt instrument disclosed by Jones 016 in view of Jones 494 and further in view of Farr to include the manner of constructing and adjusting the investment instrument as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

As to claim 41, Jones 016 and Jones 494 in view of Farr and further in view of Blanchard shows the method of claim 40. Blanchard further shows wherein if the actual contingent payments are greater than the projected contingent payments, a positive

adjustment to the contingent payments is made (pg. 2-4). It would have been obvious to one of ordinary skill in the art to have further modified the method of issuing a remarketable debt instrument disclosed by Jones 016 and Jones 494 in view of Farr and further in view of Blanchard to include the manner of constructing and adjusting the investment instrument as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Although the cited references address the claim language, Examiner notes, that as written, the recitation “wherein if the actual contingent payments are greater than the projected contingent payments, a positive adjustment to the contingent payments is made ” constitutes nonfunctional descriptive material and is not afforded patentable weight. Description of what a projected payment includes does not serve to functionally alter the performance of the previously recited method steps of issuing and calculating. Thus, this nonfunctional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F. 2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F. 3d 1579, 32 USPQ 2d 1031 (Fed. Cir. 1994). (Also see Ex parte William E. Mahoney and Ed J. Dewey, Appeal No. 2004-2093, Bd. Pat. App. & Int. 2004).

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the

language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. See MPEP 2106.

As such, although the cited reference addresses the conditional wherein clause, the recitation “if the actual contingent payments are greater than the projected contingent payments, a positive adjustment to the contingent payments is made” is optional language in that an adjustment may never occur. As such, this recitation does not serve to limit the claim; however, for examining purposes, the conditional language is assumed to have occurred.

As to claim 42, Jones 016 and Jones 494 in view of Farr and further in view of Blanchard shows the method of claim 40. Blanchard further shows wherein if the actual contingent payments are less than the projected contingent payments, a negative adjustment to the contingent payments is made (pg. 2-4). It would have been obvious to one of ordinary skill in the art to have modified the method of issuing a remarketable debt instrument disclosed by Jones 016 and Jones 494 in view of Farr and further in view of Blanchard to include the manner of constructing and adjusting the investment instrument as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Although the cited references address the claim language, Examiner notes, that as written, the recitation “wherein if the actual contingent payments are less than the

projected contingent payments, a negative adjustment to the contingent payments is made " constitutes nonfunctional descriptive material and is not afforded patentable weight. Description of what a projected payment includes does not serve to functionally alter the performance of the previously recited method steps of issuing and calculating. Thus, this nonfunctional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F. 2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F. 3d 1579, 32 USPQ 2d 1031 (Fed. Cir. 1994). (Also see Ex parte William E. Mahoney and Ed J. Dewey, Appeal No. 2004-2093, Bd. Pat. App. & Int. 2004).

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. See MPEP 2106.

As such, although the cited reference addresses the conditional wherein clause, the recitation "if the actual contingent payments are less than the projected contingent payments, a negative adjustment is made" is optional language in that an adjustment may never occur. As such, this recitation does not serve to limit the claim; however, for examining purposes, the conditional language is assumed to have occurred.

The limitations of claims 51 and 53-56 parallel the limitations of claims 37 and 39-42, respectively, as set forth above, except for the actual remarketing of the debt instrument; therefore, claims 51 and 53-56 are rejected under the same rationale.

9. Claims 38, 52 and 62 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 and Jones 494 in view of Farr and further in view of Blanchard and further in view of Birle, Jr., et al (U.S. 2003/0130941)(hereinafter Birle).

As to claim 38, Jones 016 and Jones 494 in view of Farr and further in view of Blanchard shows the method of claim 37. Blanchard further shows comparable yield determination by referencing a yield of a fixed-rate nonconvertible debt instrument with terms and conditions similar to terms and conditions of the convertible debt instrument (pgs. 2-4), but does not expressly show determining a tax adjusted issue price for the convertible debt instrument based on a comparable yield for the convertible debt instrument. Birle shows (para. 0057, showing an issuer determining an amount based on contingent payments, after redemption). It would have been obvious to one of ordinary skill in the art to have modified the method of issuing a remarketable debt instrument disclosed by Jones 016 and Jones 494 in view of Farr and further in view of Blanchard by the method of determining a possible redemption price, as shown in Birle, since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

The limitations of claim 52 closely parallel the limitations of claim 38, as set forth above, except for the actual remarketing of the debt instrument; therefore, claim 52 is rejected under the same rationale.

Re claim 62 (New): Jones 016 and Jones 494 in view of Farr and further in view of Blanchard and further in view of Birle shows the method of claim 38. Blanchard further shows wherein the fixed-rate nonconvertible debt instrument that is referenced to determine the tax adjusted issue price of the convertible debt instrument has a maturity that matches the maturity provision of the convertible debt instrument (pg. 2-4, showing terms of convertible instrument being comparable to terms of fixed-rate nonconvertible debt instrument re yield determination and determination of contingent payments).

10. Claims 43, 44, 57 and 58 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 and Jones 494 in view of Farr and further in view of admitted prior art.

As to claims 43 and 44, Jones 016 in view of Jones 494 and further in view of Farr shows the method of claim 48. Applicant has admitted as prior art that that financial instruments can be repackaged and sold as other forms of securities (hence showing that the convertible debt instrument is remarketed as a new straight debt instrument or as a new convertible debt instrument).

The limitations of claims 57 and 58 closely parallel the limitations of claims 43 and 44, respectively, as set forth above, except for the actual remarketing of the debt instrument; therefore, claims 57 and 58 are rejected under the same rationale.

11. Claims 45 and 59 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 and Jones 494 in view of Farr and further in view of Faerber (All About Bonds and Bond Mutual Funds, 2000).

As to claim 45, Jones 016 in view of Jones 494 and further in view of Farr shows the method of claim 48. Farr further shows remarketing of convertible financial instruments (col. 2, lines 25-33, 58-67; col. 3, line 59 to col. 4, line 9, col. 5, lines 22-25).

Jones 016 in view of Jones 494 and further in view of Farr does not expressly show, prior to remarketing the convertible debt instrument, determining whether to remarket the convertible debt instrument based on a comparison of a price for a stock underlying the convertible debt instrument and a conversion price which specifies a dollar amount at which the convertible debt instrument can be converted into common stock of the issuer at a remarketing time. Faerber teaches, prior to remarketing the convertible debt instrument, determining whether to remarket the convertible debt instrument based on a comparison of a price for a stock underlying the convertible debt instrument and a conversion price which specifies a dollar amount at which the convertible debt instrument can be converted into common stock of the issuer at a remarketing time. Faerber teaches a call feature, indicating that the issuer of an instrument has an option to redeem an instrument for a specified price before maturity (pg. 28). The decision would normally be made if it benefits the issuer, by for example, allowing a reissue of an instrument at a lower interest rate (pgs. 28, 226), thereby saving the issuer money. This can be analogized to a decision to remarket a convertible instrument. Faerber shows, regarding conversion, when underlying stock

price rises above a conversion price, holders stand to profit by converting to stock - this is the comparison of the stock price and conversion price, which indicates how many shares of stock a holder will receive (pg. 225). If stock price never rises above the conversion price, there will be no conversion, and the instrument may be called and subsequently remarketed (pg. 226). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to have incorporated in the method of Jones 016 in view of Jones 494 and further in view of Farber, an ability shown in Farber to allow a company to make decisions beneficial to it, based on comparisons of various prices that affect those decisions.

The limitations of claim 59 closely parallel the limitations of claim 45 as set forth above, except for a remarketing step; therefore, claim 59 is rejected under the same rationale.

12. Claim 61 is rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 and Jones 494 in view of Farr and further in view of Birle.

As to claim 61, Jones 016 in view of Jones 494 and further in view of Farr shows the method of claim 49.

Jones 016 in view of Jones 494 and further in view of Farr does not expressly show wherein the another asset for which the convertible debt instrument can be exchanged under the conversion provision is common stock of the issuer; and the convertible debt instrument further comprises a warrant provision that provides the holder with an option to purchase an additional number of shares of common stock of the issuer in exchange for the convertible debt instrument for a price that is above a

conversion price of the convertible debt instrument, wherein the holder is entitled to exercise the option upon conversion of the convertible debt instrument.

Birle teaches that issuers prefer flexibility and control over their capital structure (¶ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (¶¶ 0004, 0007 and 0008). Birle further teaches the another asset for which the convertible debt instrument can be exchanged under the conversion provision is common stock of the issuer and a convertible debt instrument may comprise a warrant (¶¶0076-0078, which may be structured as the issuer desires to meet its financial requirements -e.g., with an option to purchase an additional number of shares of common stock of the issuer in exchange for the convertible debt instrument for a price that is above a conversion price of the convertible debt instrument).

It would have been obvious to one of ordinary skill in the art to have modified the method of issuing a remarketable debt instrument disclosed by Jones 016 in view of Jones 494 and further in view of Farr to further include additional provisions to the debt instrument, as a matter of design choice, as taught by Birle since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Although the cited references address the claim language, Examiner notes, that as written, the recitation "wherein the another asset for which the convertible debt

instrument can be exchanged under the conversion provision is common stock of the issuer; and the convertible debt instrument further comprises a warrant provision that provides the holder with an option to purchase an additional number of shares of common stock of the issuer in exchange for the convertible debt instrument for a price that is above a conversion price of the convertible debt instrument, wherein the holder is entitled to exercise the option upon conversion of the convertible debt instrument" constitutes nonfunctional descriptive material and is not afforded patentable weight. Description of the structure of a convertible debt instrument does not serve to functionally alter the performance of the previously recited method steps of issuing a convertible debt instrument and calculating projected contingent payments as recited in independent claim 49, from which claim 61 depends. Thus, this nonfunctional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F. 2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F. 3d 1579, 32 USPQ 2d 1031 (Fed. Cir. 1994). (Also see Ex parte William E. Mahoney and Ed J. Dewey, Appeal No. 2004-2093, Bd. Pat. App. & Int. 2004).

Conclusion

13. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Carol See whose telephone number is (571)272-9742. The examiner can normally be reached on Monday - Thursday 6:45 am - 5:15 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer, can be reached on (571) 272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Carol See
Patent Examiner
Art Unit 3693

/Stefanos Karmis/
Primary Examiner, Art Unit 3693